



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

DOCUMENT FOR PUBLIC RELEASE

A protected decision was issued on the date below and was subject to a GAO Protective Order. This version has been redacted or approved by the parties involved for public release.

Matter of: Science and Engineering Services, Inc.

File: B-276620

Date: July 3, 1997

Howell Roger Riggs, Esq., for the protester.

Anita B. Williams, Logistics, Engineering & Environmental Support Services, Incorporated, an intervenor.

Joshua A. Kranzberg, Esq., and Francis J. Faraci, Esq., Department of the Army, for the agency.

Charles W. Morrow, Esq., and James A. Spangenberg, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Agency reasonably selected higher-cost, technically superior proposal under evaluation scheme that favored technical merit over cost where it determined that the awardee's technical advantages offset the protester's advantages in cost and past performance.

DECISION

Science and Engineering Services, Inc. (SES) protests the award of a contract to Logistics, Engineering & Environmental Support Services, Incorporated (LESCO) under request for proposals (RFP) No. DAAH01-97-R-0010, a total small business set-aside, issued by the Department of the Army, United States Army Missile Command (USAMC), Redstone Arsenal, Alabama, for support services for the USAMC Logistics Support Activity (LOGSA).

We deny the protest.

The RFP, issued on October 15, 1996, contemplated the award of an indefinite quantity time-and-materials contract to provide functional, direct, on-site support services to LOGSA and LOGSA-supported customers for a 36-month period. LOGSA is a logistics products and services organization that is the Army's focal point for collection, integration, analysis, and distribution of logistics data. LOGSA supports a diverse array of customers worldwide, including the Department of Defense (DOD), Defense Nuclear Agency, forestry service, and allied nations. The RFP work includes development of information, maintenance, configuration management,

training, evaluation and test support, integrated logistics support, and special projects.

The RFP provided for award to be made without discussions under a best value evaluation scheme, considering four evaluation areas: Technical, Management, Past Performance, and Most Probable Cost (MPC).¹ The technical area was said to be the most important; it was worth more than each other area individually, but not in combination, and was said to be significantly more important than the management area, substantially more important than the past performance area, and slightly more important than the MPC area. The MPC area was slightly more important than the past performance area and substantially more important than the management area. The past performance was slightly more important than the management area.

Under the technical area, the RFP listed four equally weighted evaluation elements, of which the first two each were comprised of four equally weighted factors, as follows:

(A) Element 1. The offer demonstrates an understanding of the Army functions of:

- Factor 1. Integrated Logistics Support
- Factor 2. Readiness Analysis
- Factor 3. Maintenance, Supply, and Transportation
- Factor 4. Conventional [Arms] Control Treaties and Agreements

(B) Element 2. Offeror demonstrates an understanding of Army and DOD current and emerging automated information systems in the following areas:

- Factor 1. Logistics and Financial Data Base
- Factor 2. DOD Plan to Integrate Information Systems Including The Army Approach To A Seamless System
- Factor 3. Expert Systems
- Factor 4. Re-engineering Initiatives

(C) Element 3. Qualifications of personnel to include education, training, and experience and the relevance and significance of the experience to the required effort.

¹The RFP further explained that an inherent consideration in the evaluation under these areas would be the risk associated with the offeror's proposed technical approach.

(D) Element 4. Offeror demonstrates an understanding of the requirements of the [statement of work] by his approach to the sample delivery orders, logistics integrated data base and arms control support.

The RFP advised that the MPC would be the government's estimate of the cost of completing the contract using the offeror's technical and management approaches adjusted by any additional cost to the government. The evaluation, among other things, included evaluating the offeror's indirect expense rate, projected rates, and projected expense pools.

Three offerors, including SES and LESCO, submitted proposals by the December 5 closing date. The Army evaluated the technical and management proposals under an adjectival rating scale of outstanding, very good, satisfactory, poor and unacceptable. The past performance area was rated with adjectival ratings of superior, good, adequate, and inadequate, and proposal risk was assessed with ratings of low, moderate, or high. The MPC evaluation was conducted with the assistance of the Defense Contract Audit Agency (DCAA).

SES' proposal received an overall rating of outstanding in the technical and management areas with virtually no risk and a superior, low risk past performance rating. In the technical area, under element 1, SES received very good ratings for factors 1 and 3 and outstanding ratings for factors 2 and 4, and under element 2 it received a very good rating for factor 1 and outstanding ratings for the other factors; the remaining elements were rated outstanding. SES' proposed cost of [DELETED] was upwardly adjusted by [DELETED] to a \$8,757,487 MPC because DCAA and the Army considered SES' proposed overhead rate to be understated in that DCAA reported that it failed to include an SES prospective contract in the indirect cost pool and was not calculated on the basis of SES' actual labor-hour base.

LESCO's proposal also received an overall rating of outstanding with virtually no risk under the technical and management areas, with outstanding ratings under every element and factor in the technical area, and received a good/low risk past performance rating. The Army upwardly adjusted LESCO's proposed cost of [DELETED] by [DELETED] to a \$8,564,349.32 MPC.²

²The third proposal received overall [DELETED] technical and management ratings and a [DELETED] risk past performance rating, and its proposed cost of [DELETED] was adjusted to a [DELETED] MPC.

Based on this evaluation, the Source Selection Authority (SSA) determined that LESCO's proposal represented the best value to the government, and that award should be based on initial proposals without discussions. After a detailed discussion of the relative strengths and weaknesses of the proposals, the SSA concluded:

In the highest weighted technical area LESCO was rated outstanding as compared to very good for SES in three of the factors. Considering the equal standing between LESCO and SES in the lowest weighted management area, and only slightly better rating for SES over LESCO in lower weighted past performance, the decision comes to the cost and technical areas. The MPC for LESCO is lower than the MPC for SES. Although the proposed cost for LESCO is slightly higher than that proposed by SES, LESCO has demonstrated by their technical ratings their outstanding understanding of the requirement. During the contract this understanding would provide efficient performance resulting in less time and lower cost for learning/preparation resulting in lower cost overall. In this instance the higher rated technical proposal of LESCO is worth the additional cost as proposed and would provide the best value to the Government.

Award was made to LESCO on March 20, 1997. This protest of the award selection followed.

Where as here, a solicitation provides that technical considerations are more important than cost, source selection officials have broad discretion in determining the manner in which they will make use of the technical and cost evaluation results in arriving at a source selection decision; such cost/technical tradeoffs are governed only by the test of rationality and consistency with the RFP's stated evaluation criteria. JB Indus., B-251118.2, Apr. 6, 1993, 93-1 CPD ¶ 297 at 7.

SES protests that it should have received the award. Specifically, SES contends that the agency's upward adjustment in determining SES' MPC was not reasonably based, and that SES' MPC should have been lower than LESCO's, while its proposal was at least technically equal to LESCO's, as evidenced by the identical outstanding ratings for the technical area received by the two proposals, as well as SES' superior past performance rating.

Contrary to SES' contentions, the record shows that the SSA found that, notwithstanding their identical outstanding technical ratings, LESCO's proposal was actually technically superior to SES', and that, regardless of the MPC evaluation, this advantage offset any advantage SES may have had in proposed cost and past performance. Adjectival ratings, like numerical point scores, when used for proposal evaluation, are useful only as guides to intelligent decision-making and are generally not controlling for award because they often reflect the disparate,

subjective judgments of the evaluators. STD Research Corp., 72 Comp. Gen. 211, 215, 93-1 CPD ¶ 406 at 5. Here, the SSA reasonably found LESCO's proposal had a technical advantage over SES', as evidenced by the documented higher ratings for three technical factors.

For example, the Army found LESCO's proposal demonstrated a thorough understanding of each technical element and factor. Specifically, the Army concluded that LESCO's understanding of the factors related to integrated logistics support; readiness analysis; maintenance, supply, and transportation; and conventional arms control treaties and agreements was exact and to the point.

In contrast, the record shows that the Army found, among other things, that in discussing maintenance planning, SES' technical proposal did not mention the primary data sources that would be used to perform the work; that with respect to maintaining maintenance and readiness policy procedures SES described only a cursory approach; that SES incorrectly assumed that LOGSA manages major subordinate commands; that SES did not discuss utilization of the readiness analysis data to identify "Status of Resources and Training System" weapons systems deficiencies to the major command or unit level; that SES incorrectly referred to the Standard Army Management Information System; that SES' proposal failed to elaborate on the specific actions to be taken on data base management if awarded the contract; that SES' proposal did not address how readiness and maintenance policies would be prepared; and that SES' technical proposal contained some spillover among the elements that indicated a lack of understanding of the separate requirements. While these weaknesses only resulted in SES' receiving very good ratings for three of the technical factors and did not prevent its receiving an overall outstanding technical rating, they evidence a lower degree of understanding than that exhibited by LESCO's proposal.

The Army reports that this contract involves the issuance of separate task orders covering a variety of LOGSA functions. Each task will contain a separate number of hours needed to accomplish the specific task for each labor category bound by a ceiling dollar amount that the contractor has no obligation to exceed. Therefore, the Army reports that the agency has a critical need to obtain the best technical approach to complete the task within the ceiling amount. The Army advises that time spent in familiarization, startup, and learning means expenditure of hours and dollars without any return as the available amount of funds shrinks and, thus, it is in the government's best interest to keep this time to a minimum.

Based on our review of the record, we find that the agency reasonably found LESCO's proposal was technically superior to SES' and that this advantage under the most heavily weighted technical area offset SES' advantages in proposed cost and past performance. Since the award selection reasonably found that LESCO's

technical superiority outweighed SES' advantage in proposed cost, we need not consider SES' protest of the MPC adjustments.

The protest is denied.

Comptroller General
of the United States